

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01

NSC-05 SS-15 STR-04 CEA-01 L-03 H-01 PA-01 PRS-01

ITC-01 DOTE-00 /110 W

-----200828Z 098310 /15

R 200736Z MAY 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7926

INFO AMEMBASSY LONDON

AMEMBASSY OTTAWA

USDEL MTN GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: MITI CAUTIONS JAPANESE AUTO MANUFACTURERS RE LEVEL OF  
EXPORTS TO U.S.

REF: (A) TOKYO 7248 (NOTAL) (B) TOKYO 6205

1. SUMMARY: ACCORDING TO PRESS REPORTS CONFIRMED BY MITI,  
THE MINISTRY IS CONCERNED ABOUT SURGE OF JAPANESE AUTO SALES  
IN U.S. AND HAS CAUTIONED THE INDUSTRY THAT THE SITUATION  
SHOULD NOT BE ALLOWED TO CONTINUE. END SUMMARY.

2. MAY 7 NIHON KEIZAI SHIMBUN ARTICLE INDICATED JAPANESE  
AUTO MANUFACTURERS WERE PUZZLED BY HIGH NUMBER OF JAPANESE  
MADE AUTOS SOLD IN U.S. IN APRIL AND MENTIONED FACT THAT  
IMPORTS ACCOUNTED FOR MORE THAN 20 PERCENT OF TOTAL APRIL AUTO  
SALES. ARTICLE ALSO STATED THAT APRIL WAS FIRST MONTH,  
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SINCE AUGUST, 1975, WHEN TREASURY INSTITUTED AUTO ANTI-DUMPING  
INVESTIGATION, THAT AUTO IMPORTS REACHED "WARNING  
LINE" FIGURE OF 20 PERCENT.

3. IN MAY 18 ARTICLE NIHON KEIZAI SAYS THAT MITI  
HAS ISSUED INSTRUCTIONS TO VARIOUS AUTO MANUFACTURERS,  
INCLUDING NISSAN AND TOYOTA, NOT "TO OVERDO THEIR SALES

ACTIVITIES IN THE U.S." ARTICLE SUGGESTS MITI IS FEARFUL THAT U.S. MIGHT BELIEVE HIGH EXPORT LEVEL WAS DELIBERATELY PURSUED BY JAPANESE IN ORDER TO PLACE GOJ IN MORE ADVANTAGEOUS POSITION AS REGARDS POSSIBLE FUTURE NEGOTIATION OF A U.S.-JAPAN BILATERAL AGREEMENT ON THE NUMBER OF JAPANESE MADE CARS WHICH COULD BE INCLUDED IN AN AUTO REBATE SCHEME. ARTICLE FURTHER STATES IT IS EXPECTED SUCH NEGOTIATIONS WOULD START FROM JUNE. TO PREVENT USG "MISUNDERSTANDING" MITI, ACCORDING TO ARTICLE, INSTRUCTED JAPANESE MANUFACTURERS TO REFRAIN FROM CERTAIN SALES PROMOTION ACTIVITIES SUCH AS DEALER BONUSES FOR EXCEEDING SALES TARGETS, REBATES AND GIFTS TO PURCHASERS AND 24-HOUR WEEKEND SERVICE.

4. MITI OFFICIAL CONFIRMED THAT MITI CONTACTED AUTO MANUFACTURERS ABOUT A WEEK AGO TO EXPRESS IN "BROAD TERMS" ITS "CONCERN" OVER THE INCREASED LEVEL OF EXPORTS AND TO CAUTION MANUFACTURERS AGAINST ALLOWING THE SITUATION TO CONTINUE. MITI'S GUIDANCE WAS, ACCORDING TO SPOKESMAN, "GENERAL" AND NOT SPECIFIC AS DETAILED IN MAY 18 ARTICLE.

5. COMMENT: UNDERSTANDABLY GOJ, AND MITI IN PARTICULAR, CONTINUES TO BE CONCERNED OVER POSSIBLY ADVERSE EFFECT OF AUTO TAX/REBATE SCHEME AND ANY COROLLARY BILATERAL AGREEMENT. DEPARTMENT WILL RECALL THAT MOTOR VEHICLE AND PART EXPORTS WERE JAPAN'S LARGEST FOREIGN EXCHANGE CARRIER IN 1976 (\$10.3 BILLION). LIMITED OFFICIAL USE

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ANY STR OR DEPARTMENT OFFICIALS WHO COME HERE FOR BILATERAL AUTO STANDARDS NEGOTIATIONS (TOKYO 6479) OR OTHER TRADE DISCUSSIONS CAN EXPECT QUESTIONS FROM CONCERNED GOJ OFFICIALS ON CURRENT THINKING RE THE AUTO TAX/REBATE PLAN.

6. EMBASSY TRANSLATION OF BOTH ARTICLES POUCHED RAY MEYER, EB/ITP/TA.  
SHOESMITH

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NNN

## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009